randa of understanding (or other formal agreements) have been entered into; and

"(B) a description of the purpose, funding, and schedule of any new projects proposed to be carried out under this section (including those projects for which memoranda of understanding (or other formal agreements) have not yet been entered into) for which funds have been included in the budget submitted to Congress pursuant to section 1105 of title 31 for the fiscal year following the fiscal year in which the report is submitted.

"(2) The Secretary of Defense and the Secretary of State, whenever they consider such action to be warranted, shall jointly submit to the Committees on Armed Services and Foreign Relations of the Senate and to the Committees on Armed Services and Foreign Affairs of the House of Representatives a report—

"(A) enumerating those countries to be added to or deleted from the existing designation of countries designated as major non-NATO allies for purposes of this section; and

"(B) specifying the criteria used in determining the eligibility of a country to be designated as a major non-NATO ally for purposes of this section.

"(g) SIDE-BY-SIDE TESTING.—(1) It is the sense of Congress—

"(A) that the Secretary of Defense should test conventional defense equipment, munitions, and technologies manufactured and developed by major allies of the United States to determine the ability of such equipment, munitions, and technologies to satisfy United States military requirements or to correct operational deficiencies; and

"(B) that while the testing of nondevelopmental items and items in the late state of the development process are preferred, the testing of equipment, munitions, and technologies may be conducted to determine procurement alternatives.

"(2) The Secretary of Defense may acquire equipment, munitions, and technologies of the type described in paragraph (1) for the purpose of conducting the testing described in that paragraph.

"(3) The Deputy Director, Defense Research and Engineering (Test and Evaluation) shall notify the Speaker of the House of Representatives and the Committees on Armed Services and on Appropriations of the Senate of the Deputy Director's intent to obligate funds

made available to carry out this subsection not less than 30 days before such funds are obligated.

"(4) The Secretary of Defense shall include in the annual report to Congress required by section 2457(d) of this title information on—

"(A) the equipment, munitions, and technologies manufactured and developed by major allies of the United States that were evaluated under this subsection during the previous fiscal year;

"(B) the obligation of any funds under this subsection during the previous fiscal year; and

"(C) the equipment, munitions, and technologies that were tested under this subsection and procured during the previous fiscal year.

"(h) SECRETARY TO ENCOURAGE SIMILAR PROGRAMS.—The Secretary of Defense shall encourage major allies of the United States to establish programs similar to the one provided for in this section.

"(i) DEFINITIONS.—In this section:

"(1) The term 'cooperative research and development project' means a project involving joint participation by the United